



Leaders in Healthcare Finance

Tax-Exempt Debt & Derivative Advisors

Market Update: Non-Profit Healthcare

www.soundcapital.com

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General High Grade and Healthcare Yield Curve

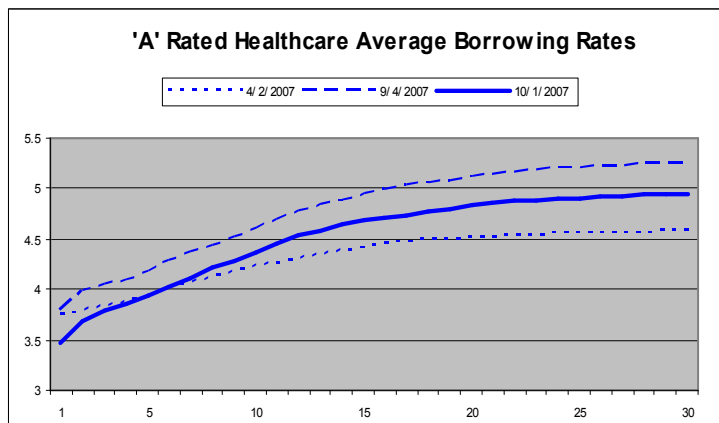
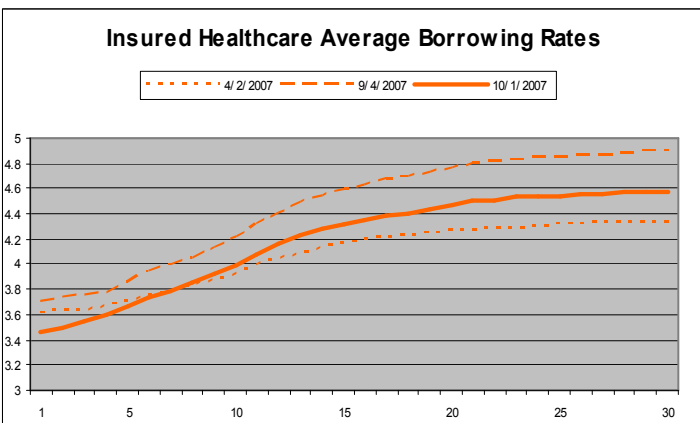
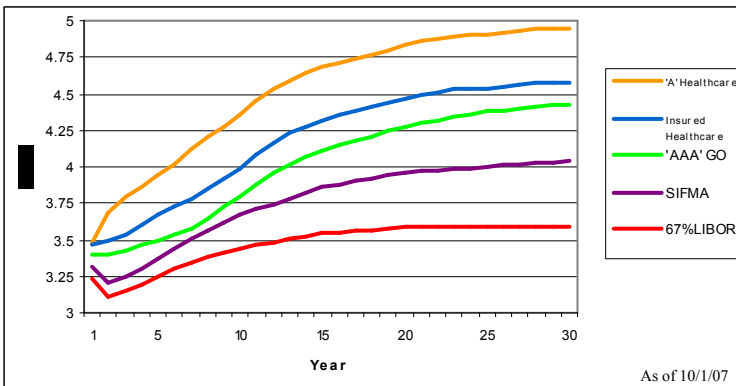
	AAA GO	Insured Healthcare	A Healthcare	SWAPs	
				SIFMA	67% of LIBOR
2 Yr	3.62	3.81	4.02	3.14	3.07
5 Yr	3.73	3.96	4.28	3.33	3.23
10 Yr	4.11	4.36	4.76	3.66	3.45
20 Yr	4.61	4.91	5.30	3.96	3.60
30 Yr	4.77	5.08	5.48	4.06	3.62

Healthcare Market News

The market continues to absorb new transactions without much difficulty, but consecutively light weekly calendars during the month of September (approx. \$16B of overall tax-exempt issuance) have not pressured the investor base to bite off more than they can swallow. Visible supply of **healthcare issuance** for the month of October is currently at about \$850MM, of which \$250MM is taxable.

Year-to-date overall tax-exempt bond issuance is at \$315B, with about \$65B to \$85B of issuance for the remainder of the year. Much of this supply is reported to occur early in the 4th quarter versus later. Many large postponed summer deals could re-emerge in the 4th quarter. This could skew the overall issuance volume prediction by up to \$30B.

Summer investors who had concentrated on buying demand in the 10-year sector of the curve have now moved slightly longer, but not entirely to the back end of the curve. This should help issuers who are selling bonds in the market as the quarter progresses. Spreads to AAA-Muni yields for **healthcare borrowers** have remained wide since the summer, and we expect investors will pick the bonds with the better spreads, drive up demand, and therefore **healthcare borrowers** should outperform relative to other sectors in the fourth quarter.



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New Issue Summary

Recent Healthcare Transactions

Issues over \$20MM

Week of Sale	Issuing Authority	Borrower	ST	\$MM	Type	Rating	Principal Due (20XX)	Manager	Comp / Neg
1-Oct	Louisiana Public Facilities Authority	Lake Charles Mem	LA	79.7	Revs		22,27,34	Morgan Keegan	N
1-Oct	Tyler Health Facilities Development	NA	TX	290.1	Revs	Baa3/BBB-	08-23,27,37	Merrill Lynch	N
18-Sep	Iowa State Board of Regents	U of Iowa Hospitals and Clients	IA	25.0	Revs	AA2/AA	08-25, 27	Piper Jaffray	C
17-Sep	New York Dorm Authority Hospital	Hudson Valley Hospital	NY	75.1	Revs	AAA/AAA	10,11	Bear Stearns	N
10-Sep	Cuyahoga County	Health Care & Indp Living Fac	OH	30.7	Revs		15	Ziegler	N
10-Sep	Turlock Health Facilities-A	Emmanuel Medical Center	CA	22.6	Cop's	/BBB+	08,11, 14	Ziegler	N

Recent AAA Insured Deal vs. AAA GO*

Hudson Valley Hospital	Maturity	Yield	+/- "AAA"
AAA; Revs	2010	3.58	+0.10
FSA Insured	2011	3.59	+0.10
Pricing Date: 9/17/07	2012	3.62	+0.12
\$75.065M Negotiated	2013	3.66	+0.14
	2014	3.70	+0.15
	2015	3.76	+0.16
	2016	3.84	+0.17
	2017	3.95	+0.21
	2027	4.46	+0.22
	2036	4.62	+0.22

*Upon request, Issuers and borrowers may request SCM to perform a spread analysis on any issue. Call 952-996-0180.

Upcoming Healthcare Transactions

Issues over \$20MM

Week of Sale	Issuing Authority	Borrower	ST	\$MM	Type	Rating	Principal Due (20XX)	Manager	Comp / Neg
1-Oct	Colorado Health Facilities Authority	Valley View Hospital	CO	45.0	Revs	BBB	27, 37	UBS	N
1-Oct	California (Taxable)	Stem Cell Research	CA	250.0	Revs		10	Morgan Stanley	N
1-Oct	Brownsville Health Fac Auth	Valley Baptist Medical	TX	94	Revs			Merrill Lynch	N
1-Oct	Saint Paul Housing & Redevelopment	NA	MN	131.4	Revs	AAA/AAA	15	UBS	N
8-Oct	Louisiana Public Facilities Authority	Ochner County Hospital	LA	37.8	Revs	A3/A-	15	Citigroup	N
8-Oct	Hialeah Gardens Health	Catholic Health Services	FL	55.0	Revs		15	Merrill Lynch	N
8-Oct	Ulster County Ind Dev Auth		NY	55.1	Revs			Ziegler	N
8-Oct	Illinois Financial Auth - Sherman		IL	170.0	Revs	Baa1/A-		Morgan Stanley	N
8-Oct	Massachusetts Development Fin Hlt	NA	MA	32.8	Revs		15	Ziegler	N

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